COMMISSION FOR COMMON-INTEREST COMMUNITIES TASK FORCE
MEETING MINUTES JULY 29, 2026

VIA TEAMS VIRTUAL MEETING
TUESDAY, JULY 29, 2026
11:00 A.M.

NOT YET APPROVED BY THE MEMBERS

1-A) Call to Order; Introduction of Task Force Members in attendance

Dr. Kristopher Sanchez, Director of the Department of Business and Industry; Donna Zanetti, attorney with Leach Kern Gruchow Song; Michael Buckley, attorney with Fennemore Law; Douglas Flowers, attorney with Holland and Hart; David Varon, homeowner; Mark Leon, homeowner; Jason Hoorn with Taylor Association Management; Garrett Gordon, attorney with Womble Bond Dickinson, Phil W. Su, Senior Deputy Attorney General, Nevada Attorney General's Office; Christal Keegan, Senior Deputy Attorney, Real Estate Division; Sharath Chandra, Administrator, Real Estate Division.

2) Public Comment

Amanda Johnson, Chief of Staff for Director Sanchez, opened floor for public comment.
There was no public comment.

3) Presentation, Discussion and Possible Action Item:

(A) Evaluating Financial Pressures in Common-Interest Communities

Sharath Chandra, Administrator for the Real Estate Division, opened the discussion by acknowledging that the during the first meetings of the task force were centered around statutory modifications and members of the Task Force has discussed the need to tackle more broad policy issues, discuss trends and other industry concerns. Administrator Chandra stated that the three items listed on the agenda were previously discussed as some priority issues, and issues that are relevant in the industry. Administrator Chandra explained that the handouts provided give a brief description of what the issue is, with some general bullet points for discussion and also a summary of the Wall Street Journal article written by Attorney Christal Keegan.

Michael Buckley spoke about the importance of Fannie Mae within the common-interest communities as they buy loans, enabling lenders to make more loans to fee up the market. Mr. Buckley noted that the March 16th letter, addressed several changes, 1. A waiver program, which allows a project up to 10 units to waive the Fannie Mae requirements, 2. The limitation of the number of condos owned by investors has been retired, 3. The limited review process has also been retired and all applicants must now go through the standard review process. Mr. Buckley mentioned the increase to financial pressures on associations and enhanced reserve requirements. The letter stated that the increased reserve requirements was previously at 10% but has now gone up to 15% of an association's budgeted income. Mr. Buckley noted the changes may be a benefit for some associations and also some increased financial pressures.

Matthew Portteus, with the Western Fire Chiefs Association introduced himself as someone who

works on wildfire and wildfire issues, insurance issues and technology. Mr. Portteus explained that there has been a drastic increase in insurance premiums across the board, but also in common-interest communities and the lines of insurance they are required to carry. Mr. Portteus stated that several states are tackling wildfire mitigation challenges within their state, however the states are pushing for Wildland Urban Interface (WUI) code adoption that actually meets a recognized science-based standard. Mr. Portteus explained that HOAs are able to drive their own CC&Rs to change the shared space within a community to meet these standards. These changes help an entire community reach a standard of wildfire prepared home neighborhood. Mr. Portteus explained that communities who are working towards those standards are seeing increased premiums, not just for individual homeowners but also for the association. Mr. Portteus mentioned that his organization will have a grant fund in order to assist HOAs with completing this work. He explained that an association would get the work completed and then be reimbursed by the fund for the work completed.

Director Sanchez stated that the Department of Business and Industry (B&I) became aware of the issue nearly 2 years ago, when there were 1600 non-renewals for fire insurance or the risk associated with an individual property based on the modeling that was being utilized by the carriers. Director Sanchez mentioned that as time has passed, most of all of those dwellings have sought insurance and received insurance by other carriers. Director Sanchez mentioned that a task force has been meeting regularly to see what needs to be done from a policy perspective. Director Sanchez mentioned that the goal is to ensure that whatever mitigation is done at the local level is reflected in the risk calculations the insurers make. There are new technologies that exist that can help assess at individual property levels but the larger conversation as well, revolves around the community-wide approach.

Mr. Portteus stressed the importance of the industry working together within the new technologies. Mr. Portteus encouraged the members to be open to new and creative solutions at the community level and state level.

Mr. Buckley asked wither there were any newly adopted policies that should be considered within the HOA space.

Director Sanchez noted that regarding insurance companies, it's important to consider the models they are using to calculate risk and if they are taking the information that a community is generating because of the changes and incorporating that into the model. Director Sanchez mentioned that the issue is statewide, not just in Northern Nevada.

Mr. Portteus stated that without the adoption of a WUI code, which includes an annual inspection and enforcement to ensure that the work is completed. Mr. Portteus stated that any mitigation work that communities have undertaken across the West, are considered as one-time events by the insurance industry. Fire departments also consider them as one-time events because vegetation grows back in an expected cycle, and therefore insurers won't acknowledge the work without a WUI code.

Administrator Chandra referred to Mr. Buckley's statement, and prefaced that if there are any statutory regulatory changes that would potentially be affected, then it would be important for the task force to look at those areas.

NOT YET APPROVED BY THE MEMBERS

Mark Leon addressed the issue from a homeowner perspective, stating associations are working to find ways to reduce insurance costs. Mr. Leon mentioned that since the Legislators mandated insurance coverage through law, he opined whether there should be some additional efforts to ease the burden.

Jason Hoorn discussed concern with the increase in assessments. Mr. Hoorn mentioned that the limitations set forth in every set of CC&Rs, it's increasingly more difficult to keep up with the rising costs of insurance. The challenge of increased cost can lead to difficulty justifying increased assessments, which can become unaffordable. Mr. Hoorn appreciated the conversation around the formulas and the business of insurance; however, he expressed concern over the cost to homeowners and encouraged the members to focus on affordability.

Donna Zanetti agreed with the comments made by Mr. Hoorn. Ms. Zanetti stated the two biggest barriers to boards being able to raise assessments to cover the increased insurance costs is a cap on assessment increases. Ms. Zanetti referenced the earlier conversation about obtaining grants and mentioned that a hurdle to that process would be NRS 116.3102, which requires the right to assign future income has to be expressly stated in the CC&Rs. Ms. Zanetti stated eliminating that requirement would go a long way to facilitating board being able to take out loans as needed.

Administrator Chandra mentioned that there had been some recent discussions on affordability with the Lincy Institute and asked Director Sanchez to provide more context.

Director Sanchez reported that he had reached out to the David Damore, with the Lincy Institute, to commission a study on affordability. Director Sanchez appreciated the sentiments of Ms. Zanetti and Mr. Hoorn and stated as they continue the process of developing the scope of work for the study, he would incorporate costs in the discussion.

(B) Strategies to Address Board Member Vacancies

Regarding board member vacancies, Administrator Chandra stated that board members are the key element to the functions of an association. Administrator Chandra mentioned the challenge that boards cannot retain members. Another critical piece is education, and the discussion around mandating education requirements. Administrator Chandra mentioned that the dilemma with mandated education, is potentially driving away those that want to volunteer or creating specific requirements that only certain people may feel qualified to do. Administrator Chandra stated the topic may be controversial but felt it was an important consideration for discussion by the members. There was also a link provided in the meeting materials, to the Florida Ombudsman presentation. Administrator Chandra invited the members to discuss the education requirements, continuing education requirements, term limits and the challenges with such directives.

Jason Hoorn addressed the liability concern, stating he does not believe it's as big as an issue. Mr. Hoorn mentioned that the risk of liability is generally low and there is also insurance to back up the board. Mr. Hoorn agreed with Mr. Chandra in that it may be difficult to require education, however he felt that if the education were made to be part of a series with a quiz at the end and certificate upon completion, it may be more favorable for some to participate. Mr. Hoorn stated that upon completion of the course, it could be understood that a person has the basic knowledge to function as a board member. Regarding term limits, Mr. Hoorn suggested that the language could be crafted in the same way it addresses board members from the same household. The

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language could require a certain number of terms and then a break for a number of cycles, to allow new opportunities for others to serve and be a part of the process.

On the subject of term limits, Mark Leon stated that board members stay on indefinitely through the consent of the homeowners. Mr. Leon stated the majority of Nevada HOAs have board elections every year and there is constantly the opportunity to change leadership. Mr. Leon stated that because board participation is notoriously low, a motivated person can influence outcomes so artificially disqualifying an experienced member may increase the risk of losing candidates. Regarding education, Mr. Leon stated despite the risk and reduction of volunteerism described by Mr. Sklar in the last meeting, he is in favor of mandatory education for board members. Mr. Leon suggested modeling the requirements as referenced in the Florida literature, and require specific education depending on the type of unit, single family, condominium, etc. Mr. Leon also suggested that the size of the association be taken into consideration as well, when determining the amount of education required. In the matter of board member compensation, Mr. Leon expressed disagreement with that proposition. Mr. Leon stated that if there would be a requirement for education for unpaid volunteers, consideration could be made to provide them with non-monetary benefits.

Michael Buckley recalled his own personal experience serving on a board and the education requirements every two years. Mr. Buckley agreed with Mr. Hoorn's comments about the consideration of term limits for board members but expressed no opinion on board member compensation.

Donna Zanetti agreed with the idea of board member training, stating some baseline training would be useful. Regarding compensation, Ms. Zanetti did not agree that board members should be compensated as the monies would likely come from the membership. She also mentioned that many associations have a hard time attracting volunteers to do what is largely a thankless task, and therefore she does not support the idea of term limits.

Christal Keegan pointed out that the Division has PowerPoint presentations on its website, and she also mentioned that after each legislative session, the Division publishes a legislative update recapping the session and pertinent bills that passed. Regarding the board member vacancy, Ms. Keegan spoke on her past experience as a Deputy Attorney General and provided her perspective on prosecuting cases with board member vacancies. Ms. Keegan stated that communities have oftentimes had to be creative with their recruitment of board members in order to maintain compliance. Regarding board member education, Ms. Keegan noted that with several cases heard before the Commission for Common-Interest Communities and Condominium Hotels (Commission), there was often a requirement for board member education ordered as part of any disciplinary orders, to help board members better understand their responsibilities. At the last Commission meeting, it was also mentioned that associations could opt into certain memberships for private associations that offer extensive training or certifications.

(C) Community Management Companies

Administrator Chandra noted that there were several guest speakers present during the meeting to give different perspectives on community management. Administrator Chandra remarked that the Division licenses community managers but not the management companies, and there is a gap there that is worth discussing. Administrator Chandra introduced Ken Williams, who is someone that has been in the HOA industry for over 20 years, is a former commissioner and has

NOT YET APPROVED BY THE MEMBERS

associations with community management. Administrator Chandra mentioned that there is potential statutory language that has been developed under different statutes, such as in the appraisal industry, where there are appraisal management companies. Administrator Chandra mentioned that Commissioner Tim O'Brien was present to speak on those relationships in his industry as well.

Ken Williams introduced himself as a 20-year Air Force veteran, who started his HOA career with Howard Hughes Corporation, and afterwards started and owned a management company. Mr. Williams stated he was appointed to the Commission as the management company representative, where he continued to advocate for community managers. Mr. Williams noted that during his time on the Commission, he noticed that managers brought before the Commission, seemed to have little support from those at the top of the food chain. As an example. Mr. Williams noted that when records are not provided, managers feet are held to the fire because a homeowner could complain about the manager. Mr. Williams stated he felt that it would be beneficial for a responsible party to be designated for each company, and that person would be the person with the decision-making power, such as the President or CEO. Mr. Williams stated its easy to delegate tasks and become disassociated with what's really happening on the ground. Mr. Williams stated that as the owner of his company, he stood by his managers if there were ever to be disciplined, but every owner has their own philosophy. He agreed with Mr. Hoorn's comments that if the statute would require a simple registration of a responsible party, that would be a step in the right direction.

Jason Hoorn appreciated the comments of Mr. Williams' and agreed with Administrator Chandra's thoughts on accountability. Mr. Hoorn expressed concern with the current process of addressing issues with the individual community manager with no consideration of the company. Mr. Hoorn mentioned that a disciplinary action could potentially affect one's career, which may be as a result of the system, not the individual. Mr. Hoorn agreed with Mr. Williams' comments that the designated individual responsible for a management company, should be held to a standard and held responsible when their decisions negatively effect the process. Mr. Hoorn reiterated that he is in favor of a registration process alone for management companies. The registration would allow the Division to address corrective actions with the management companies, to ensure compliance with NRS and NAC. Mr. Hoorn added that the oversight might provide the Division with some valuable metrics as to what practitioners are doing, what management companies are doing and also measure their effectiveness and saturation. Mr. Hoorn suggested that he would be in support of a reasonable registration fee and process for management companies.

Donna Zanetti appreciated Messers Hoorn and Williams' comments and she expressed support for the role management companies have as the responsible parties in HOA management.

Administrator Chandra provided some more context from the Division's perspective and stated the goal is to collaborate to do something that would be beneficial to the associations, the businesses, the organizations within the industry. Administrator Chandra noted that community managers own a privileged license, and therefore their actions are monitored by the Division but there are ultimately responsibilities that may be extensive and outside of their control. Administrator Chandra mentioned the model of appraisal management companies (AMC) as outlined in NRS 645C and introduced Commissioner Tim O'Brien.

NOT YET APPROVED BY THE MEMBERS

Commissioner O'Brien introduced himself as a real estate appraiser in Northern Nevada, who served on the Commission of Appraisers of Real Estate for six years. Commissioner O'Brien mentioned that 10-12 years ago, the appraisal industry faced a similar challenge, that a person could lose their appraisal license in the morning and open an appraisal management company in the evening. There was a lack of consistency from state to state, with federal regulations and the added issue that corporate entities owned the management companies. Commissioner O'Brien recalled the importance of identifying the controlling person within an organization in order to maintain some accountability. There is also a requirement that an AMC must have a license in order for Nevada licensees to work for them. Commissioner O'Brien emphasized that in order to maintain transparency of who owns a particular company, those individuals have background checks and are registered with the Division. Commissioner O'Brien stressed the importance of disclosure and transparency of designated individuals.

Jason Hoorn asked for clarification on whether an AMC must have their own license.

Commissioner O'Brien explained that an individual may have an appraiser license but if that individual wanted to open up an AMC, they would need to acquire a second licensure for the company itself. Commissioner O'Brien also noted that there are specific state requirements regarding the amount of business of the company to be considered an AMC.

Administrator Chandra also noted that there is a federal component to the regulation of AMCs, which determines which companies are required to register with the state or with the national organization. Administrator Chandra noted that the classic Nevada model is to find practical ways to manage business and protect consumers.

Commissioner O'Brien noted that there are designated prohibited actions that a person cannot do as an AMC. Commissioner O'Brien mentioned the importance of state level oversight to audit companies to ensure compliance.

4) Discussion and Possible Action Items:

(A) CIC Task Force Overview Report

Director Sanchez mentioned that in preparation for the Q4 meeting and wrapping up the Task Force by the end of year, there would be a report produced that summarizes much of what was discussed during the meetings along with recommendations.

Administrator Chandra noted that the goal was to take the context of all of the conversations and action items and create some kind of a report. Administrator Chandra noted that significant conversations and expressed his hope that the document would trigger future deep dives into specific areas, which may lead to legislative ideas for Legislators.

Christal Keegan mentioned that she would be working with Task Force members to get pictures and bios in order to include in the report.

(B) Discussion and decision to approve minutes of April 14, 2026

Director Sanchez made a motion to approve the minutes of the April 14, 2026 meeting.

Seconded by Jason Hoorn.

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All approved. Motion carried.

6) <u>Public Comment</u>

Chris Peitsch mentioned some technical difficulties at the start of the meeting which prohibited him from attending the first few minutes. In reference to Agenda Items A, B and C, Mr. Peitsch asked whether there was the possibility of some legislation being passed to allow for resale capital contributions as they are not allowed for in the governing documents. Mr. Peitsch stated that allowing associations some flexibility in addressing assessments. Regarding board member vacancies, Mr. Peitsch appreciated the members' discussion. Mr. Peitsch stated he is the small owner operator of a management company and has many clients that regularly face this issue, especially smaller communities. Regarding community management companies, Mr. Peitsch appreciated the comments form Messers Hoorn and Williams and expressed interest in being included in future conversations.

Mike Kosor provided public comment and began by acknowledging the technical issues connecting to the meeting at the start of the meeting. Mr. Kosor remarked that the purpose of the meeting is to gather public input and he suggested better efforts to notify the public of meetings. Regarding board elections, Mr. Kosor noted that apathy was not discussed as part of the members' discussion. Mr. Kosor stated that many homeowners become frustrated with an unresponsive board. On the matter of community management, Mr. Kosor agreed that accountability is a primary concern, especially if a homeowner lives in a community run by the management company and developer board. Mr. Kosor stated that there are some inherit fiduciary duties that should be addressed when all parties are under control of the same influence. Mr. Kosor stressed that a management company should not have an affiliation with the board during the period of declarant control, yet its allowed by state law. In closing regarding the reserve budget, Mr. Kosor expressed the need for associations to define what is a reserve budget, and what constitutes a reserve budget. Mr. Kosor opined whether simply having a summary of the budget or whether publishing an annual budget, is sufficient for homeowners.

7) <u>For possible action: Adjournment</u>

Dr. Sanchez adjourned the meeting at 12:30 p.m.

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